

AGREEMENT FOR AUDITING SERVICES

This Agreement entered into this 30th day of July, 2002, by and between LEON COUNTY, a political subdivision of the State of Florida, hereinafter referred to as County and Thomas Howell Ferguson P.A. and Law, Redd, Crona, & Munroe, P.A. hereinafter referred to as Auditor.

WHEREAS, the Local Government Financial Emergency and Accountability Act requires local governments to have a financial audit performed annually; and

WHEREAS, the County desires that the Auditor provide such services for a three (3) year period with an option for a two (2) year renewal.

NOW, THEREFORE, the parties hereto agree as follows:

1. The Auditor shall conduct an examination of the Financial Statements of the County, the Constitutional Officers of the County and Leon County Commission Governmental Leasing Corporation as set forth in more detail in Exhibit A attached hereto and made a part hereof, for the fiscal years ending September 30, 2002, September 30, 2003, and September 30, 2004 with a renewal option for the fiscal years ending September 30, 2005, and September 30, 2006. Such audits shall include audits of federal grants and other entitlement programs of the County. It is understood that such audit shall conform in general to the Scope of Examination (II), contained in Exhibit A, in accordance with Governmental Auditing Standards and Generally Accepted Auditing Standards.
2. The audit shall be in accordance with the time schedule set forth in Exhibit A. Extensions for the time of the completion can be allowed only upon receipt of a written extension from the County.
3. Either party may terminate this agreement by giving written notice to the other, not later than 120 days before the end of the fiscal year for which the next audit is to be performed. The County shall not be required to give Auditor such 120 day written notice if, in the opinion of the County's audit committee, the Auditor is unable to perform its obligations hereunder, or if in the County's audit committee opinion, the services being provided are not satisfactory. In such case, the County may immediately terminate the Contract by mailing a notice of termination to the Auditor.
4. The Auditor shall express an unqualified opinion on the financial statements of all funds. If unable to express an unqualified opinion, the Auditor should state the reasons for qualification or the disclaimer of opinion. The County shall make available to the Auditor such support personnel as are required by the auditor. In addition, the County shall provide such space as deemed necessary for the Auditor to efficiently conduct the examination.

5. The Auditor shall be paid a fixed amount each year for the County's general financial audit. Included in the fixed sum is an amount for audit of grants, the Leon County Commission Governmental Leasing Corporation, and preparation of the County's financial statements including the Comprehensive Annual Financial Report (CAFR).

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
General County Audit	\$131,500	\$134,000	\$138,000

In addition to the fee above additional work will be necessary in the implementation of GASB 34. These hours will be billed separately at the rate of \$111 and \$115 per hour for FY02 and FY03 respectively. The finance director must approve all billable hours exceeding 225 for FY02 and 160 for FY03. If unusual circumstances are encountered making it necessary for the Auditor to do additional work, the Auditor shall immediately report such condition to the County and the parties shall negotiate such additional compensation as is required. Periodic progress billing shall be submitted as work progresses, but not more often than on a monthly basis.

6. The Auditor, at all times relevant to this agreement, shall be an independent contractor and in no event, shall the Auditor or any employees or agents under it considered to be employed by the County.

7. At the end of the initial three (3) year term of this agreement, the parties may renegotiate for additional term of two (2) years and at such rates as the parties may mutually agree upon. The County may initiate another selection process after the two (2) year extensions.

8. By executing this agreement, the Auditor certifies that the rates of compensation and other factual unit costs supporting the compensation (Exhibit A) to be paid are accurate, complete and current at the time of the execution of this agreement.

9. **ASSIGNMENTS**

This Contract shall not be assigned or sublet as a whole or in part without the written consent of the County nor shall the Auditor assign any monies due or to become due to him hereunder without the previous written consent of the County.

10. **HOLD HARMLESS**

The Auditor agrees to indemnify and hold harmless the County from all claims, damages, liabilities, or suits of any nature whatsoever arising out of, because of, or due to the breach of this agreement by the Auditor, its delegates, agents or employees, or due to the negligence and/or failure to comply with professional standards by the Auditor, including but not limited to costs and a reasonable attorney's fee. The

County may, at its sole option, defend itself or allow the Auditor to provide the defense. The Auditor acknowledges that ten dollars (\$10.00) of the amount paid to the Auditor is sufficient consideration for the Auditor's indemnification of the County.

11. PUBLIC ENTITY CRIMES STATEMENT

In accordance with Section 287.133, Florida Statutes, Auditor hereby certifies that to the best of his knowledge and belief neither Auditor nor his affiliates has been convicted of a public entity crime. Auditor and his affiliates shall provide the County with a completed public entity crimes statement no later than January 15 of each year this agreement is in effect. Violation of this section by the Auditor shall be grounds for cancellation of this agreement by Leon County.

12. BUDGET

The performance of Leon County of any of its obligations under this agreement shall be subject to and contingent upon the availability of funds lawfully expendable for the purposes of this agreement for the current and future periods.

13. CONSTRUCTION

The laws of the State of Florida shall govern the validity, construction, and effect of this Contract. It is understood by the Auditor that the original contract price and any additions thereto shall be adjusted to exclude any significant sums by which the County determines the contract price was increased due to an inaccurate or incomplete factual unit costs, with such adjustments to be made within one year following the end of this agreement. Additionally, consideration will be given to a fee reduction if staff in Leon County prepares the financial statements.

14. AUDITS, RECORDS, AND RECORDS RETENTION

The Contractor agrees:

A. To establish and maintain books, records, and documents (including electronic storage media) in accordance with generally accepted accounting procedures and practices, which sufficiently and properly reflect all revenues and expenditures of funds provided by the County under this contract.

B. To retain all client records, financial records, supporting documents, statistical records, and any other documents (including electronic storage media) pertinent to this contract for a period of five (5) years after termination of the contract, or if an audit has been initiated and audit findings have not been resolved at the end of five (5) years, the records shall be retained until resolution of the audit findings or any litigation which may be based on the terms of this contract.

C. Upon completion or termination of the contract and at the request of the County, the Contractor will cooperate with the County to facilitate the duplication and transfer of any said records or documents during the required retention period as specified in paragraph 1 above.

D. To assure that these records shall be subject at all reasonable times to inspection, review, or audit by Federal, state, or other personnel duly authorized by the County.

E. Persons duly authorized by the County and Federal auditors, pursuant to 45 CFR, Part 92.36(I)(10), shall have full access to and the right to examine any of provider's contract and related records and documents, regardless of the form in which kept, at all reasonable times for as long as records are retained.

F. To include these aforementioned audit and record keeping requirements in all approved subcontracts and assignments.

15. INSURANCE

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors. The cost of such insurance shall be included in the Contractor's bid.

A. Minimum Limits of Insurance. Contractor shall maintain limits no less than:

(1) General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

(2) Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. (Non-owned, Hired Car).

(3) Workers' Compensation and Employers Liability: Insurance covering all employees meeting Statutory Limits in compliance with the applicable state and federal laws and Employer's Liability with a limit of \$500,000 per accident, \$500,000 disease policy limit, \$500,000 disease each employee. Waiver of Subrogation in lieu of Additional Insured will suffice.

B. Deductibles and Self-Insured Retention

Any deductibles or self-insured retention must be declared to and approved by the County. At the option of the County, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the County, its officers, officials, employees and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

C. Other Insurance Provisions: The policies are to contain, or be endorsed to contain, the following provisions:

(1) General Liability and Automobile Liability Coverage (County is to be named as Additional Insured).

a. The County, its officers, officials, employees and volunteers are to be covered as insureds as respects; liability arising out of activities performed by or on behalf of the Contractor, including the insureds general supervision of the Contractor; products and completed operations of the Contractor; premises owned, occupied or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protections afforded the County, its officers, officials, employees or volunteers.

b. The Contractor's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees and volunteers. Any insurance of self-insurance maintained by the County, its officers, officials, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the county, its officers, officials, employees or volunteers.

d. The Contractor's insurance shall apply separately to each insured against whom claims is made or suit is brought, except with respect to the limits of the insurer's liability.

(2) All Coverages

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the County.

D. Acceptability of Insurers. Insurance is to be placed with insurers with a Best's rating of no less than A:VII.

E. Verification of Coverage. Contractor shall furnish the County with certificates of insurance and with original endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be received and approved by the County before work commences. The County reserves the right to require complete, certified copies of all required insurance policies at any time.

F. Subcontractors. Contractors shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all of the requirements stated herein.

G. Contractor shall carry professional liability insurance of the types necessary to protect the Firm from any professional liability arising under this agreement with a minimum \$1,000,000 liability limit. The deductible shall not exceed \$25,000 and, if greater than \$1,000, must be guaranteed by Contractor for the difference between the deductible and \$1,000. Insurance is to be placed with insurers with a Best's rating of no less than A:VII. The professional liability insurance coverage for the services provided under this agreement shall be maintained in force from the date of the contract until a date at least one (1) year following the actual completion of the provision of any services under the terms of this agreement.

The Contractor shall provide evidence of the insurance and the evidence shall provide for thirty days notice in writing to the County prior to cancellation, expiration, or non-renewal

16. LICENSES

The Contractor shall be responsible for obtaining and maintaining his city or county occupational license and any licenses required pursuant to the laws of Leon County, the City of Tallahassee, or the State of Florida. Should the Contractor, by reason of revocation, failure to renew, or any other reason, fail to maintain his license to operate, the contractor shall be in default as of the date such license is lost.

17. REVISIONS

In any case where, in fulfilling the requirements of this contract or of any guarantee, embraced in or required thereby it is necessary for the Contractor to deviate from the requirements of the bid, Contractor shall obtain the prior written consent of the County.

IN WITNESS WHEREOF, the parties have hereunto affixed their hands and seals the day and year first above written.

AUDITOR: Thomas Howell Ferguson P.A.

BY: John P. Thomas

ATTEST:

[Signature]
Anna James

AUDITOR: Law, Redd, Crona, & Munroe P.A.

BY: Bonnie Kandy

ATTEST:

Dianna L. Cook
Susan Forster

LEON COUNTY, FLORIDA

BY:

[Signature]
Dan Winchester, Chairman
BOARD OF COUNTY COMMISSIONERS



ATTEST
BOB INZER
CLERK OF THE CIRCUIT COURT

BY:

[Signature]

APPROVED AS TO FORM:
LEON COUNTY ATTORNEYS OFFICE

BY:

[Signature]
Herbert W. A. Thiele, Esq.
County Attorney

EXHIBIT A

- I. EXAMINATION PERIOD.** The audit engagement will cover the fiscal years ended September 30, 2002, September 30, 2003 and September 30, 2004 with a renewal option for fiscal years ending September 30, 2005, and September 30, 2006.
- II SCOPE OF EXAMINATION.** This audit is to be performed in accordance with generally accepted auditing standards, the standards for financial audits set forth in the United States General Accounting Office's (GAO) *Government Auditing Standards* (1994), the provisions of the federal *Single Audit Act of 1996*, and United States Office of Management and Budget (OMB) *Circular A-133, Audits of State and Local Governments* as well as the following additional requirements:
- ! Sections 11.45 and 218.39, Florida Statutes
 - ! Chapter 10.550, Rules of the Auditor General *Local Governmental Entity Audits*
 - ! Regulations of the State of Florida, Office of the Comptroller, Department of Banking and Finance, Bureau of Local Government Finance
1. The Funds and Account Groups to be included in the initial examination are those on page 9 item C in the Request for Proposal, as well as all clearing funds such as the Payroll Funds and Payables Funds. Also, entities such as the Housing Finance Authority and the Leon County Commission Governmental Authority should be included. For subsequent examination years, the Finance Director shall provide an updated chart prior to the start of the audit.
2. The following offices maintain an encumbrance accounting system:
- Board of County Commissioners
 - Clerk of the Circuit Court
 - Supervisor of Elections
3. All financial records for the Board of County Commissioners, Supervisors of Elections and Clerk of the Circuit Court are kept on a Risc 6000 computer (as of the date of this contract.)

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4. In addition to the (CAFR), a consolidated report will be required covering operations of the Board of County Commissioners (and Supervisor of Elections), Tax Collector, Property Appraiser, Sheriff and Clerk of the Circuit Court. This report should satisfy the requirements of the Federal and State Single Audit report.

5. Twenty (25) copies of the CAFR will be required. The number of copies of individual audit reports, countywide financial statements and management letters will be at the discretion of the County official audited (not to exceed ten copies per report). The audit reports for constitutional officers and countywide must be prepared in accordance with rules and regulations prescribed by the State of Florida, Office of the Auditor General.

6. Chapter 82-202 makes certain changes to the County Budget Law authorizing the Supervisor of Elections to establish accounting records and a bank account, separate and apart from the Board of County Commissioners. The present Supervisor of Elections has decided not to exercise this option.

7. Leon County will send its FY 01/02 Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association of the United States and Canada for review in its certificate of Achievement for Excellence in Financial Reporting Program. It is anticipated that the auditor will have to work in conjunction with staff in the Clerks Finance Department to accomplish the task of receiving the award.

8. Leon County currently anticipates it will prepare one or more official statements in connection with the sale of debt securities which will contain the County's Financial Statements and the auditors report thereon. The auditor shall be required, if requested by the financial advisor and/or the underwriter, to issue a consent and citation of expertise: as the auditor and any necessary comfort letters without any additional fee.

9. Pursuant to Chapter 372.561, F.S., a written audit report on unissued, sold, and voided license stamps with a certified reconciliation state must be prepared by the auditor. This statement must be forwarded to the Florida Game and Fresh Water Fish Commission.

III. TIMING OF WORK. The following is a general plan for the timing of the audit examination for the fiscal years ended September 30, 2002, September 30, 2003, and September 30, 2004.

1. Submission of the final reports and the management letters on or before March 15th, following the end of each fiscal year. Exit conferences will be held with each official as listed in Section V, prior to delivery of the final reports and management letters.

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2. Submission of a copy of the final report and management letters to the Auditor General on or before March 31st, following the end of each fiscal year.

IV. **COUNTY SUPPORT PERSONNEL.** Preliminary to and throughout the audit engagement, the County proposes to make available support personnel to provide assistance for tasks such as identifying locations of required records and documentation, gathering needed records and supporting information and such other tasks that will serve to expedite the audit examination, with the realization that support personnel must also give considerations to the day-to-day operational requirements.

V. **LEON COUNTY.** Leon County is a political subdivision of the State of Florida. Leon County had an estimated July 1, 2001 population of 244, 208, residents. Tallahassee is the only city in the County. Leon County covers a land area of 671 square miles. Leon County is located in north Florida midway between Jacksonville and Pensacola. The Georgia State line is the northern boundary of the County. The County operates under a non-charter commission/administrator form of government, with a governing board consisting of seven County Commissioners, two are elected at-large while five are elected from single-member districts. They are elected to staggering four-year terms. In addition to the Board of County Commissioners, there are five independently elected constitutional officers as follows:

- Clerk of the Circuit Court
- Property Appraiser
- Sheriff
- Supervisor of Elections
- Tax Collector

All of the Constitutional Officers and County Commissioners are governed by and derive their operating authority from the constitution and laws of the State of Florida. There is also a County Attorney reporting directly to the Board of County Commissioners.

Requirements Relating to the Audit of County Governments:

Section 11.45, Florida Statutes (2002), requires an annual financial audit of all County agencies. Section 11.45(1)(c) defines a financial audit as "**means an examination of financial statements in order to express an opinion on the fairness with which they are presented in conformity with generally accepted accounting principles and an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements. Financial audits must be conducted in accordance with generally accepted auditing standards and government auditing standards as adopted by the Board of Accountancy**". Section 218.39(2) requires "**The county audit report shall be a single document**

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that includes a financial audit of the county as a whole and, for each county agency other than a board of county commissioners, an audit of its financial accounts and records, including reports on compliance and internal control, management letters, and financial statements as required by rules adopted by the Auditor General. In addition to such requirements, if a board of county commissioners elects to have a separate audit of its financial accounts and records in the manner required by rules adopted by the Auditor General for other county agencies, such separate audit shall be included in the county audit report." The Board at this time elects to have the separate audit.

In order to assist the proposal development, the total County government is more fully described as follows:

1. Board of County Commissioners. The officials are an independently elected seven member Board as established by Article VIII, Section 1(e), of the Florida Constitution. Generally, the Board adheres to the accounting principles, standards and procedures prescribed by the State of Florida, Office of the Comptroller, Department of Banking and Finance, Bureau of Local Government Finance, as set forth in the *Uniform Accounting System* manual which closely conforms to the publication of the National Committee on Governmental Accounting entitled, *Governmental Accounting, Auditing and Financial Reporting (GAAFR)*, other promulgations of The National Council on Governmental Accounting, and the *Industry Audit Guide for State and Local Governments* published by the American Institute of Certified Public Accountants (AICPA).

The Board appoints a County Administrator to administer all policies emanating from its statutory powers and authority.

The Clerk of the Circuit Court is the chief financial officer of the County. The Clerk is ex-officio Clerk to the Board of County Commissioners, Auditor, Recorder and Custodian of all County funds as provided by Article VIII, Section 1(d), of the Florida Constitution. Accounting records and minutes of official Board actions are prepared and maintained by the Clerk of the Circuit Court. Governmental funds are accounted for on the modified accrual basis of accounting. Proprietary funds are accounted for on the full accrual basis. GASB 34 require that the CAFR be prepared on a full accrual basis.

Included within the audit of the Board of County Commissioners shall be those dependent special districts, authorities, boards and commissions who fall within the definitions outlined in the Governmental Accounting Standards Board Statement Number 14 *The Financial Reporting Entity*.

2. Clerk of the Circuit Court. This officer is independently elected as established by Article V, Section 16, and Article VIII, Section 1(d) of the

EXHIBIT A Continuation

Florida Constitution. The office is a separate entity for financial reporting purposes as provided by Chapter 218, Florida Statutes. Financial operations are conducted on the modified accrual basis of accounting. The operations of the office are governed primarily by Chapter 28, Florida Statutes. The Clerk performs the duties of Clerk to the Board and Clerk of the County Court as a budget officer, with funding provided by the Board in the form of operating transfers. In return, the Clerk is responsible for the collection of revenues within the jurisdictional area of the Clerk, and for the subsequent remittance of such collections to the Board of County Commissioners. The Clerk performs the duties of Clerk of the Circuit Court as a fee officer, wherein revenues collected by the office are retained for the purpose of defraying the costs of operation.

3. Property Appraiser. This officer is independently elected as established by Article VIII, Section 1(d) of the Florida Constitution. The office is a separate entity for financial reporting purposes as provided by Chapter 218, Florida Statutes. The Property Appraiser is not a fee officer as defined in Section 218.31(8), Florida Statutes, but rather derives funding by allocating current year budgeted appropriations among each of the entities levying ad valorem taxes during the preceding year (with the exception of the District School Board and municipalities which are apportioned to the County) by the ratio of taxes levied by that entity to total taxes levied by all taxing entities. Financial operations are conducted on the modified accrual basis of accounting.

4. Sheriff. This officer is independently elected as established by Article VIII, section 1(d), of the Florida Constitution. The office is a separate entity for financial reporting purposes as provided by Chapter 218, Florida Statutes. The Sheriff is not a fee officer as defined in Section 218.31(8), Florida Statutes and therefore operates as a budget officer, with funding provided by the Board in the form of operating transfers. In return, the Sheriff is responsible for the collection of revenues within the jurisdictional area of the Sheriff, and for the subsequent remittance of such collections to the Board of County Commissioners. Financial operations are conducted on the modified accrual basis of accounting. The operations of the office are governed primarily by the provisions of Chapter 30, Florida Statutes.

5. Supervisor of Elections. This officer is independently elected as established by Article VIII, Section 1(d), of the Florida Constitution. The office is a separate entity for financial reporting purposes as provided by Chapter 218, Florida Statutes. The Supervisor of Elections is not a fee officer as defined in Section 218.31(8), Florida Statutes and therefore operates as a budget officer, with funding provided by the Board in the form of operating subsidies. In return, the Supervisor of Elections is responsible for the collection of revenues within the jurisdictional area of the Supervisor of Elections, and for the subsequent remittance of such collections to the Board

EXHIBIT A Continuation

of County Commissioners. Financial operations are conducted on the modified accrual basis of accounting. The Supervisor of Elections is the official custodian of the Books of Registration, with exclusive control of matters pertaining to registration of electors and the administration of elections.

6. Tax Collector. This officer is independently elected as established by Article VIII, Section 1(d), of the Florida Constitution. The office is a separate entity for financial reporting purposes as provided by Chapter 218, Florida Statutes. The Tax Collector is a fee officer as defined in Section 218.31(8), Florida Statutes and therefore operates on funding provided from the collection of fees for services provided. Financial operations are conducted on the modified accrual basis of accounting.